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On behalf of Verizon, I would like to express our strong support for SB 447 "An Act Modernizing the State's Telecommunications Laws" and to thank the committee for addressing this important piece of legislation at today's public hearing. This legislation represents a much-needed modernization of Connecticut's regulatory environment as it applies to the market for communications services. Substantial portions of the existing regulatory structure in Connecticut reflect policies developed in the days when landline telephone service was provided by regulated monopolies. That is no longer the case, and as a result, the existing regulatory framework now imposes unnecessary and burdensome requirements on Verizon and other communications service providers in Connecticut, despite the existence of substantial competition and increased consumer choices.

Consumers today choose their communications services based not only on the costs of those services, but also their convenience and technological preferences, such as wireless versus landline. More than one in four households in the United States has eliminated their landline service entirely, while another 15 percent consider their cell phone to be their primary line. In other words, for 40 percent of the country, landline service is an afterthought. This is particularly true in Connecticut, where traditional landline telephone providers have lost significant market share as a direct result of strong competition from alternate providers such as wireless, VoIP and the cable companies. By all accounts, the "cord-cutting" trend will only accelerate as time goes on.

Connecticut's rules for telephone companies have not kept pace with the stunning changes in the telecommunications market. They were written in the days when we had one phone company for a specific geographic area and everybody only had landlines. In 2001, Verizon provided telephone service to twice as many customers in Greenwich as it does today. Back then most of our customers weren't using email. Text messaging was in its infancy, and people didn't see cell phones as competition for landline phones. Today, we've lost over half of those customers to alternative providers that are not regulated to the degree that Verizon's wireline operations are.

Outdated regulatory requirements are counterproductive in a competitive environment because they do not reflect the factors that truly drive provider performance and consumer choice. Given the revolutionary changes in the market, consumers are best served when all competitors can operate in an environment free of unnecessary and burdensome regulations. Free and fair competition ensures that communications companies continue to strive to meet or exceed their customers' needs. Proof of that are the falling prices and expanding services provided by cellular carriers and broadband service providers — which happened not because of regulatory requirements, but because of competition. A provider's success in the marketplace is driven by the knowledge that an unsatisfied customer can “vote with their feet” and choose from multiple providers offering the quality services they want at a desirable price.

SB 447 would take significant and positive steps towards modernizing the regulatory framework for telecommunications in Connecticut. The legislation would streamline the regulatory obligations of regulated providers of telecommunications services in the state, and ensure that Voice Over Internet Protocol or “VoIP” services remain free of legacy regulatory burdens. The legislation does not deregulate telecommunications service providers as some opponents of the bill have suggested. The Public Utility Regulatory Authority will retain its current statutory role of regulating the provision of telecommunications in the state in a manner designed to foster competition and protect the public interest. In addition, the legislation expressly provides that the State's generally applicable consumer protection laws, which include the Connecticut Unfair Trade Practices Act (Conn. Gen. Stat. Chapter 735a, Sections 42-110a, *et seq.*), will continue to apply, as they do to other services offered in the state. In addition, existing social programs and services will remain in place. Specifically, the Lifeline assistance program, relay services for the hearing and speech impaired, and E-911 services are not affected by this bill.

Create and Maintain Jobs

Modernizing the State's telecommunications laws will help attract new investment to the communications sector, so that consumers can continue to receive new and innovative services they want at competitive prices. New investment in telecommunications networks is necessary to deliver this result, and the states that attract it will also reap the added rewards of job creation and economic growth.

The Communications Workers of America have calculated on the basis of a Department of Commerce model that \$5 billion invested in broadband infrastructure creates 100,000 new jobs in the telecommunications and information technology industries in the year in which the spending occurs.

Researchers at the Information Technology and Innovation Foundation project that \$10 billion of investment in one year in broadband networks will support an estimated 498,000 new or retained jobs throughout the entire U.S. economy for a year. These include direct jobs, such as technicians to build broadband cable and equipment; indirect

jobs created to supply the materials; and induced jobs, such as jobs in restaurants and retail stores created as the newly employed or retained workers spend their paychecks. A study by the Brookings Institution found that 300,000 private non-farm jobs are created throughout the entire economy for every one percentage point increase in broadband penetration. The authors conclude that employment in both manufacturing and services industries (especially finance, education and health care) is positively related to broadband penetration.

Updating the Connecticut statutes will help stimulate private investment and increase competitive pressure on all to upgrade their services. Conversely, the absence of regulatory reform will make it harder to achieve these benefits.

The updates proposed in SB477 will foster a more innovative and competitive marketplace – to the benefit of all consumers. It will also set the stage for increased investment and economic development in Connecticut. In Indiana, one of the first states to modernize its telecom and video regulations in 2006, a follow-up economic impact study determined that within a year of reform, telecom companies had invested an additional \$400 million and created thousands of new jobs in the state. In the years since, that investment has exceeded \$1.2 billion. This legislation sends the message that Connecticut is ready to be a national leader in encouraging growth and innovation in our industry.

Verizon is pleased to support the legislation before you today as a vital common sense reform of our regulatory environment. I thank you again for addressing this issue, and please don't hesitate to contact me with any comments or questions. Thank you.
